

**CERTIFICATE OF ASSOCIATION
OF
ARENAS VALLEY WATER DEVELOPMENT ASSOCIATION**

KNOW ALL MEN BY THESE PRESENTS:

That we, the undersigned incorporators, whose names and addresses are as follows:

<u>Name</u>	<u>Address</u>
Leonard Calloway	Box 21, Arenas Valley, New Mexico 88022
Juanita Escobedo	Box 187, Silver City, New Mexico 88061
Seferino Barraza	Box 214, Bayard, New Mexico 88023
Elfido Arguello	Box 18, Arenas Valley, New Mexico 88022
Claude C. Cox	Box 17, Arenas Valley, New Mexico 88022

have associated ourselves together for the purpose of forming a non-profit association in accordance with the provisions of the SANITARY PROJECTS ACT, Article 29, Sections 3-29-1 through 3-29-19, New Mexico Statutes, 1978 Annotated, as amended; and do hereby make, execute and acknowledge in duplicate this Certificate of Association in writing.

Article I

The corporate name of this Association shall be ARENAS VALLEY WATER DEVELOPMENT ASSOCIATION.

Article II

The names of the incorporators are: Leonard Calloway, Juanita Escobedo, Seferino Barraza, Elfido Arguello and Claude C. Cox.

Article III

The location of the principal office of the Association in the State of New Mexico shall be Arenas Valley, Grant County, New Mexico.

Article IV

The objects and purposes of the Association are as follows:

Section 1. To associate its members together for their mutual interest and benefit, and to that end to acquire, construct, install, and operate a water and/or sewer, system for the supplying and distribution of water for domestic uses and/or collection of sewage for its members and to engage it any activity related thereto, including but not limited to the acquisition of water by purchase, appropriation, lease, or otherwise, and the diversion and storage thereof, the drilling, pumping and purchase, laying installation; operation, maintenance, and repair of wells; pumping equipment, canals, ditches, structures, pipelines, valves, and all other material and equipment necessary to the construction, repair, maintenance and operation of a complete domestic water supply distribution system and a sewage collection and treatment facility.

Section 2. To borrow from any source money, goods or services and to pledge or mortgage any of its property as security therefor, in any manner permitted by law.

Section 3. To acquire and hold, own and exercise all rights of ownership in and to sell, transfer or pledge shares of capital stock or memberships of any corporation or association engaged in related activities.

Section 4. To buy, lease, hold and exercise all privileges of ownership in and to the real or personal property as may be necessary or convenient for the conduct and operation of the association.

Section 5. To levy assessments and make charges for water and sewer services in such manner and in such amount as may be provided in the bylaws of this association.

Section 6. To have and to exercise all power, privileges and rights conferred on non-profit associations or corporations by the laws of the State of New Mexico, all of which are hereby expressly claimed, including all powers which may be necessary, convenient or expedient for the accomplishment of the purposes of this association, except such powers as are inconsistent with the provisions of the Act under which this association is incorporated.

Section 7. The principal activities and business of this association will be carried on in Arenas Valley, Grant County, New Mexico, but its entire business and activities will not necessarily be limited to said County.

Article V

The business and affairs of this association shall be conducted and managed by a board of directors, consisting of five (5) members, all of whom shall be members of this association. The members of the board of directors shall be elected annually, from the membership of the association, for staggered terms of two years each, except that in the first election, the elected directors shall draw lots so that two (2) of the directors shall serve first terms of one year each, after which the positions of the two (2) directors whose terms are ending shall be filled by the election of two (2) successor directors for full two-year terms. The purpose of the one (1) year first terms is to provide for a system of staggered two (2) year terms so that three (3) directors will be elected in one (1) year and one year later the other two (2) directors shall be elected.

Article VI

The association shall have no capital stock, and no shares of stock shall be issued by said association to its members. Membership in this association shall be represented and evidenced by a Membership Certificate. All persons within a community who participate, or desire to participate, in this project may become members of the association upon complying with the rules and regulations prescribed by the board of directors of the association. Any person or persons, who did not participate in an original project shall be admitted to membership in an association upon payment to the association of a reasonable fee, as determined by the board of directors.

Article VII

That notwithstanding any provision which may be made in the bylaws of this association for the issuance of more than one Membership Certificate to one natural person being a member of the association for the purpose of equalizing assessments against Membership Certificates on the basis of services rendered by the association, each person being a member shall be entitled to one and only one vote in the affairs and business of this association. There shall be no voting by proxy. Voting by

mail shall be allowed only if provided for and in the manner as provided by the bylaws of this association. Mail votes shall be counted to the extent as provided in the bylaws in computing a quorum for the holding of a meeting of members.

Article VIII

In the event this association shall be directed to dissolve, gains from the sale of the appreciated asset shall be distributed to all persons who were members during the period which the asset was owned by the association in proportion to the amount of business done by such members during that period, insofar as it is practicable.

Article IX
Amendments

These articles may be repealed or amended by a vote of the majority of the members present at any regular meeting of the corporation, or at any special meeting of the corporation called for that purpose, except that so long as any indebtedness is held by or guaranteed by the Farmers Home Administration, the members shall not have the power to change the purposes of the corporation so as to decrease its rights and powers under the laws of the State, or to waive any requirement of bond or other provision for the safety and security of the property and funds of the corporation or its members, or so to amend the articles as to effect a fundamental change in the policies of the corporation without the prior approval of the Farmers Home Administration in writing.

IN WITNESS WHEREOF, we, the incorporators, have set our hands and seals this 3rd day of July, 1979.

Organizer 1 - Signature

Organizer 2 – Signature

Organizer 3 - Signature

Organizer 4 - Signature

Organizer 5 – Signature